Remarks by Donald C. Winter
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Thank you, CNO, for that kind introduction. Admiral Shuford, professors and students, ladies and gentlemen, I am very pleased to see such strong participation and interest in this conference.

This is my third time before this forum, and I note that Admiral Shuford's team has once again organized a particularly interesting set of conference topics and assembled a very strong lineup of panel participants.

Your discussions are taking place in the wake of our recently released maritime strategy, a document that details the broad outlines of where we are heading and how we believe we should position our forces for the challenges we face.

I would like to take this opportunity to thank all of those here who contributed to the development of our new maritime strategy, whether as faculty, students, or members of the Navy staff in Washington.

A lot of excellent work by many people went into this document, and you all are to be commended for your efforts.

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This year's conference is organized around the theme of: "Maritime Forces and a Resilient Peace."

I would like to expand on this theme by discussing the challenge we face as a Navy and Marine Corps as we look ahead to the coming decades.

There are two widely divergent general perspectives on preserving the peace.

Some believe that military strength is provocative, and that building up one's forces endangers peace.

Others believe that peace is best preserved through strength.

This was the view of George Washington, Theodore Roosevelt, and Ronald Reagan, all of whom consistently touted the necessity of military preparedness.

Theodore Roosevelt, in particular, looked to the Navy to deter aggression, show

our Nation's strength through maritime presence, and thereby keep the peace.

When Roosevelt spoke here at the Naval War College in 1897, he forcefully argued that to be prepared for war was the most effective means to promote peace.

Later, as president, Roosevelt declared that:

"A good Navy is not a provocation to war. It is the surest guaranty of peace."

I agree.

Weakness invites aggressors to take advantage and exploit your weakness.

So we must be strong—and that means building up our Navy and Marine Corps.

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Last year we unveiled our Maritime Strategy.

The Strategy reaffirms the use of seapower to influence actions and activities at sea and ashore, and adds to the core applications of Naval warfare.

Where tensions are high or where there is a need to demonstrate a commitment to security, we will aggregate forces to limit conflict or deter major war.

Our maritime forces will also be positioned and tailored to support humanitarian operations, counter piracy efforts, and capacity building and training of partner nations.

These new core capabilities move us outside our traditional operating areas.

We need to be prepared to respond to a broad spectrum of potential threats, and we must be prepared to carry out the full range of missions—with forces from Riverine to SSBN's.

This leads me to a key tenet of the strategy—persistent global presence.

Our maritime strategy emphasizes global presence.

The increasing desire for presence is one of the driving factors behind our decisions on fleet size and fleet composition.

I remain concerned that the value of presence is under-appreciated.

Clearly, most would agree that the world is a far more connected and interdependent than in years past.

Nations have moved away from the idea that they must have economic self-sufficiency and have largely recognized the value of trade—and the benefits of

specialization.

Specialization brings great benefits and higher standards of living, but it also brings dependencies—dependencies that span the globe.

Goods are globally sourced, and nations are dependent on suppliers for the necessities of life from every continent:

Energy resources from Africa and South America—as well as from the Middle East.

Raw materials from South America, Africa, and Australia.

Finished products from China.

And food stuffs from North America.

The more dispersed nature of today's world trade patterns has major implications for our view of maritime security.

For much of the 20th century, the United States and Great Britain—as the preeminent seapowers of the day—maintained freedom of the seas by focusing on three major chokepoints—Suez, Panama, and Gibraltar.

Those days are gone.

We can no longer afford to focus our attention on only a few specific areas or choke points.

With today's global economy, the maritime security of much of the world's coastlines have a claim on our attention.

Not only are trade patterns and dependencies global, but the world economy has become leaner, with limited inventories, precisely coordinated timelines, and smaller margins for error throughout the global distribution system.

This greater sophistication brings many benefits—more efficiency, faster delivery, and lower prices.

But the system is so carefully optimized that minor shocks and interruptions to the system can have dramatic, instantaneous effects that reverberate worldwide.

For example, an unsuccessful terrorist attack on an oil platform in the North Arabian Gulf in April 2004 sent world oil prices and insurance rates soaring—almost immediately—costing the world's economy billions of dollars, even though no damage was done.

And more recently, unrest and instability in the Nigerian Delta are having a worldwide impact on the price of oil.

All of these factors have driven us to put a higher premium on maritime security around the globe and the need to increase our worldwide presence.

We cannot maintain global maritime security by ourselves.

We will need to form maritime partnerships.

We are advocating more cooperation among nations that share a common stake in international commerce, safety, security, and freedom of the seas.

Maritime partnerships and cooperation will promote global maritime security.

However, even if we achieve great success in establishing partnerships, we will need to increase presence to develop and maintain those partnerships.

This need for presence to foster maritime security—particularly in the littorals—presents us with a dilemma.

The value of presence has been repeatedly demonstrated.

But we cannot afford to build or operate the number of ships we would ideally like to have.

Therefore, one of the key questions that we face in support of our maritime strategy is the following:

How do we expand the Fleet to have the presence we want while still meeting the broad spectrum of security challenges that may face us in the future?

Fortunately, not all presence requirements are equal.

We need to have the right match of capabilities to the requirements.

We do not need high end capability ships to counter piracy off the coast of Somalia or the Gulf of Guinea, and it is reasonable to accept some degree of risk in assigning lower capability ships to many regions of the world.

We do need warships to respond to crises and some threats, but we do not need a carrier strike group in all cases.

We have an aircraft carrier homeported in Yokosuka, Japan.

We no longer have one in Naples, Italy.

We are upgrading our carrier presence in the Pacific, with USS GEORGE WASHINGTON replacing the KITTY HAWK.

At the same time, no carrier strike group is assigned to the recently re-established 4th Fleet.

The 4th Fleet demonstrates the Navy's commitment to the region by creating presence in support of combined training operations, humanitarian operations, and disaster response.

And this can be done without using a carrier battle group.

We should also remember that it is sometimes more effective to have a smaller combatant that can access many of the littoral areas where we need to go.

Smaller platforms are also more suitable for training, as they are more compatible with the navies with which we will be operating.

We must balance our presence requirements with the missions and threats we are likely to face in a given region.

Worldwide presence is necessary for maritime security, which is one of the arguments in favor of developing the Littoral Combat Ship, a platform that will add new capabilities and complement our current and evolving fleet of surface combatants.

The challenge is how to meet all of our requirements in an affordable manner.

Some try to sidestep the issue by suggesting that the solution is simply to add more money to the Navy's budget.

The reality is that it is unrealistic to expect the Navy budget to increase significantly at the present time.

With increasing pressures on the federal budget elsewhere, and with political changes that may result in changes in investment strategies for federal dollars, it is likely that the Navy budget will be steady to declining in future years.

I would also note that we are currently allocating as much to shipbuilding as we can, given other pressing needs of the Navy—with ever-rising personnel costs and increasing costs of operations driven by the Global War on Terror and the price of fuel.

The truth is, there is no silver bullet solution to this financial problem.

We must figure out how to build a more cost effective fleet—and build a fleet that is less costly to operate.

Crew size, availability, and the cost of maintenance are significant factors in the cost of maintaining the Navy.

The solution to the problem of achieving a cost effective fleet is not simply a matter of building ships more cheaply.

We must press ahead on a series of measures that can bring about the cost savings we need to sustain our maritime fleet.

These measures extend to everything from acquisition reform, to a better long-term investment strategy on the part of industry, to changes in our Fleet composition.

More fundamentally, we will need more thoughtful definitions of what we truly need to buy.

The way ahead starts with acquisition.

We can improve the efficiency of the acquisition process by the maturing and stabilization of requirements.

Efficiency can also be improved by investing in design for manufacturing, which can produce significant cost reductions, as we have seen with Virginia class submarines.

Investing in shipboard automation to permit reduced crew size also offers potential savings in manpower costs.

We have achieved success in that regard with programs as diverse as LCS and CVN.

We also need industry to invest in plant, processes, and people.

Investments in the Ultra Hull Facility at Bath Iron Works, the new panel line at Ingalls Shipbuilding, and the Apprenticeship School in Newport News are examples of investments that will help us build ships more efficiently.

Another necessary step is the development of a broader portfolio of ship types.

LCS, for example, even at current cost projections, is still significantly less expensive than any other ship we have and is an affordable response to our presence requirements.

At current cost levels, we can build several of these highly capable warships for the cost of a major combatant.

All these measures—from acquisition reform to facility investments—will help us with the financial challenges we face, but they are not enough.

The more fundamental issue to determine is what we need to buy to effectively build a fleet capable of meeting future security challenges.

This is the key question for this group to consider, and you can help us arrive at the best way ahead.

How do we optimally match what we buy with the most likely threats we see in the future?

While we talk about a global fleet and the need for a full spectrum of capabilities, we do not need the full spectrum of capabilities all over the world.

In reality, we need to tailor capabilities to the region, potential missions, and the security environment.

We must also get into the habit of appetite suppression.

We cannot afford a 313-ship Navy that averages out to over $3 billion per ship.

We have to take a hard look at what is necessary—and what is affordable versus what is desirable.

Part of what this strategy forum can do best is to examine our priorities and assess whether we are making good and realistic decisions as we evolve our fleet for the future.

I ask you to consider:

Does our Fleet reflect our priorities, and do we expect our priorities to change?

There are many things we do, and each has an impact on our future fleet.

We must prevail in the Global War on Terror.

We must deter and dissuade threats from potential peer competitors.

We must be capable of winning the high end wars that we hope never to have to fight.

Certainly, these are priorities about which there is very little disagreement.

The hard part is calculating the risks associated with each, and deciding what levels of risk are acceptable.

Whether looking at the strategic or operational environment, the Department of the Navy must balance risk daily.

While we must plan for high-end contingencies, we must carry out today's operations on the low end, in support of the war on terrorism, and for enhanced maritime cooperation.

The Navy must constantly calculate and mitigate risk due to competing demands and limited resources.

Many important questions arise from this discussion of risks, to include:

Are we prepared for all of the unknowns?

Are we well-prepared for potential small-scale engagements that we might face?

Is it wise or prudent to adopt a strategy of taking more risk in large conflicts that are of low probability?

Where do we need increased capabilities, and where can we take a risk by maintaining them at current levels?

Can we afford to continue funding the support components of the force necessary to carry out humanitarian assistance and disaster relief, cooperative engagement, or localized conflicts before they become regional combat operations?

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All of these are important strategic questions that we will continue to debate long after my tenure ends, and they are questions that I hope you will devote time and careful study.

My challenge to you is to think about the issues I have discussed today, and help convey to the leadership and to the American people the critical importance of investing in the Fleet.

Once again, I turn to Theodore Roosevelt, who understood the role of public opinion in maintaining a Navy:

"In a great self-governing republic like ours the army and navy can only be so good as the mass of the people wish them to be."

Given the long lead times necessary in shipbuilding, the American people—through their representatives in Congress—must support shipbuilding in peacetime, years before threats come fully into view.

That means that we must invest now in the Fleet.

Peace has never been the natural state of mankind—it must be defended and preserved.

Let us go forward and work to defend peace through a strong Navy and Marine Corps.

Thank you for lending your minds and talents to some of the most important national security challenges of our time.

And may God continue to bless America.